

Message Text

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ACTION EUR-12

INFO OCT-01 AF-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

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TO SECSTATE WASHDC 728

INFO ALL EC CAPITALS 1818

AMEMBASSY KINSHASA

AMEMBASSY LUSAKA

C O N F I D E N T I A L EC BRUSSELS 02450

DEPARTMENT PASS AID

PARIS FOR HELMAN

E.O. 11652: GDS

TAGS: PFOR, EAID, EEC, ZA, CG, AO

SUBJECT: AID TO ZAIRE/ZAMBIA

REF: EC BRUSSELS 2261

1. AID/DAA FOR AFRICA DONALD BROWN MET WITH EUROPEAN COMMISSION DEPUTY DIRECTOR GENERAL FOR DEVELOPMENT MAURICE FOLEY PRIMARILY TO DISCUSS THE FORTHCOMING MEETING OF THE CLUB DES AMIS DU SAHEL (SEPTTEL). IN THE COURSE OF DISCUSSION, THERE WAS ALSO AN OPPORTUNITY TO DISCUSS ZAIRE AND ZAMBIA AID NEEDS.

2. BROWN EXPRESSED US CONCERN AT RECENT EVENTS IN SOUTHERN AFRICA AND US' PARTICULAR CONCERN REGARDING THE

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SHORT-TERM FINANCIAL NEEDS OF ZAIRE AND ZAMBIA.

3. WITH RESPECT TO ZAIRE, BROWN NOTED THAT THE CURRENT SITUATION IS DUE TO SOME INTERNAL MISMANAGEMENT OF RESOURCES BY THE GOZ WHICH HAD DEPENDED UPON ARTIFICIALLY INFLATED COPPER PRICE LEVELS, COUPLED WITH A DRASTIC DROP IN THOSE PRICES CAUSED BY WORLD RECESSION. THIS PROBLEM IS NOW MADE MORE DIFFICULT DUE TO ZAIRE'S CONCERN REGARDING SECURITY IN THE CURRENT CIRCUMSTANCES AND THE COSTS IT MUST FACE DUE TO ANGOLA REFUGEES. ON THE OTHER HAND, THE GOZ NOW RECOGNIZES THE GRAVITY OF THE PROBLEM AND IS READY TO ACCEPT AN IMF STABILIZATION PROGRAM. BROWN INDICATED THAT THE US IS ALREADY PROCEEDING WITH A FY76 FINANCIAL PACKAGE OF FOOD AID, EX-IM GUARANTEES AND AID BALANCE OF PAYMENTS ASSISTANCE FOR ZAIRE. THE US IS PRESENTLY CONSIDERING WHETHER ADDITIONAL RESOURCES SHOULD BE PROVIDED IN FY77. CONSIDERATION IS ALSO BEING GIVEN TO A SIMILAR PROGRAM FOR ZAMBIA IN FY77.

4. BROWN NOTED THAT THE GOZ IS INTERESTED IN RE-ESTABLISHING THE IBRD CONSULTATIVE GROUP. THE US BELIEVES THAT A MEETING OF THE GROUP WOULD BE EXTREMELY USEFUL, PROBABLY AFTER THE IMF STABILIZATION PROGRAM IS ANNOUNCED SO THAT THE GROUP CAN CONSIDER BOTH SHORT TERM AND LONGER TERM FINANCIAL NEEDS OF ZAIRE. BROWN WONDERED WHETHER THE EDF WOULD BE PREPARED TO SUPPORT THE CALLING OF SUCH A CG MEETING.

5. IN A SIMILAR VEIN, WHILE NO CG CURRENTLY EXISTS FOR ZAMBIA, BROWN WONDERED WHETHER DONORS AND ZAMBIA MIGHT SUPPORT THE CALLING OF A ONE-TIME CG-LIKE MEETING TO CONSIDER ZAMBIA'S LONG AND SHORT-TERM NEEDS. SEVERAL DONORS, INCLUDING IBRD, HAVE RAISED QUESTIONS ABOUT ZAMBIA'S BASIC LONG-TERM DEVELOPMENT POLICIES QUITE APART FROM THE CURRENT EMERGENCY. USE OF A MULTILATERAL MECHANISM LIKE AN AD HOC CG MIGHT HELP FOCUS ZAMBIAN AND DONOR ATTENTION ON BOTH SHORT-TERM NEEDS AND LONGER-TERM DEVELOPMENT POLICY ALTERNATIVES.

6. FOLEY REACTED VERY POSITIVELY TO THIS PRESENTATION,
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NOTING THAT COMMUNITY IS ALREADY DISCUSSING ITS POLICY OPTIONS IN SOUTHERN AFRICA. HE STATED HE PERSONALLY FELT NOTHING SHOULD BE DONE TO ADD TO THE INSTABILITY ALREADY APPARENT IN THE REGION. FOLEY SAID HE WOULD HEAD THE EDF PROGRAMMING MISSION TO ZAIRE IN MAY BUT AT THIS STAGE HE IS UNCLEAR JUST WHAT KIND OF HELP IS NEEDED AND WHAT ROLE THE COMMISSION/EDF SHOULD PLAY.

7. FOLEY INDICATED STRONG SUPPORT FOR THE IDEA OF A ZAIRE CG MEETING SOON AFTER IMF STABILIZATION PROGRAM IS ANNOUNCED. HE FELT A SIMILAR APPROACH FOR ZAMBIA COULD ALSO BE USEFUL THAT FELT IT NEEDED CAREFUL HANDLING SO AS NOT TO BRUISE ZAMBIAN SENSITIVITIES. HE FELT THAT CERTAIN PAST IBRD TACTICS TO DRAW ZAMBIAN ATTENTION TO THE NEED FOR CHANGE IN ITS LONGER-TERM DEVELOPMENT POLICIES HAD NOT BEEN EFFECTIVE, AND HAD SCRATCHED KAUNDA'S SENSITIVITIES.

8. REGARDING THE GENERAL QUESTION OF ZAIRE'S AND ZAMBIA'S RELATIONS WITH ITS PORTUGUESE-SPEAKING NEIGHBORS, FOLEY UNDERLINED RECENT REPORTS FROM OTHER EC SOURCES TO THE EFFECT THAT IT IS IMPORTANT THAT THERE BE A "WESTERN OPTION" FOR THESE PORTUGUESE TERRITORIES. CAREFULLY SPEAKING ONLY ABOUT MOZAMBIQUE, BUT CLEARLY IMPLYING THAT HE ALSO MEANT ANGOLA, FOLEY STATED THAT MOZAMBIQUE'S EVENTUAL ACCESSION TO THE LOME CONVENTION WOULD BE A GOOD THING BECAUSE IT COULD SERVE AS A VALUABLE PART OF SUCH AN OPTION, AND COULD SHOW MOZAMBIQUE THAT THERE WAS MUCH TO BE GAINED FROM COOPERATION WITH THE WEST INSTEAD OF FULL DEPENDENCE ON THE SOVIETS. FOLEY INDICATED--CONTRARY TO THE INFORMATION IN REFTEL--THAT MOZAMBIQUE AND THE COMMISSION HAD NOT BEEN IN TOUCH, BUT HE INDICATED THAT THE COMMISSION IS WORKING THROUGH TANZANIA TO "TEST THE WATER". IF ALL GOES WELL, FOLEY SUGGESTED THAT THE QUESTION OF MOZAMBIQUE'S ACCESSION (AND BY IMPLICATION THAT OF ANGOLA) COULD BE DISCUSSED AND PERHAPS APPROVED AS EARLY AS THE JUNE EC/ACP MINISTERIAL MEETING. HINTON

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